AN ACT concerning agriculture; enacting the alternative crop research act; amending K.S.A. 2015 Supp. 21-5702 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) Sections 1 through 17, and amendments thereto, shall be known and may be cited as the alternative crop research act.

(b) As used in this act:

(1) "Act" means the alternative crop research act;

(2) "agribusiness" means the processing of raw agricultural products, including, but not limited to, timber and industrial hemp, or the performance of value-added functions with regard to raw agricultural products;

(3) "certified seed" means industrial hemp seed that has been certified as having no more tetrahydrocannabinol concentration than that adopted by federal law in the controlled substances act, 21 U.S.C. § 801 et seq.;

(4) "commission" means the industrial hemp commission created by section 5, and amendments thereto;

(5) "department" means the Kansas department of agriculture;

(6) "distribute" means to offer for sale, sell, exchange or barter industrial hemp;

(7) "grower" means any person licensed to grow industrial hemp by the commission pursuant to this act;

(8) "hemp products" means all products made from industrial hemp, including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard, plastics, seed, seed metal and certified seed for cultivation, if the seeds originate from industrial hemp varieties;

(9) "industrial hemp" means all parts and varieties of the plant cannabis sativa, cultivated or possessed by a licensed grower, whether growing or not, that contain a tetrahydrocannabinol concentration of no more than that adopted by federal law in the controlled substances act, 21 U.S.C. § 801 et seq.;

(10) "law enforcement agency" means any agency of a governmental entity that is vested by law with the duty to maintain public order and enforce criminal laws, including, but not limited to, any state investigative agency, city police department, county sheriff's department, county law
enforcement department established pursuant to K.S.A. 19-4401 et seq, and amendments thereto, or law enforcement agency established by consolidation of city and county powers pursuant to K.S.A. 12-340 et seq, and amendments thereto;

(11) "person" means an individual, partnership, corporation, association or other legal entity;

(12) "process" means to perform one or more mechanical or chemical operations in order to change or preserve industrial hemp;

(13) "seed research" means research conducted to develop or recreate better strains of industrial hemp, particularly for the purpose of seed production;

(14) "tetrahydrocannabinol" or "THC" means the natural or synthetic equivalents of the substances contained in the plant or in the resinous extractives of cannabis or any synthetic substances, compounds, salts or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity;

(15) "unmanned aerial vehicle" means any craft capable of flight without a human operator, passenger or other individual physically on board operating within the national airspace system as defined by the federal aviation administration.

New Sec. 2. (a) The purpose of this act is to assist the state in moving to the forefront of industrial hemp production, development and commercialization of hemp products in agribusiness, alternative fuel production and other business sectors, both nationally and globally and to the greatest extent possible. These purposes shall be accomplished, in part, through:

(1) The auspices of the industrial hemp commission created by section 5, and amendments thereto;

(2) the industrial hemp research program overseen by the commission, working in conjunction with the staff of state educational institutions as defined by K.S.A. 76-711, and amendments thereto, along with the Kansas department of agriculture. This research program shall include the planting, cultivation and analysis of industrial hemp demonstration plots by selected growers that are licensed by the commission pursuant to section 10, and amendments thereto; and

(3) the pursuit of any federal permits or waivers necessary to allow industrial hemp to be grown in the state.

(b) The legislature hereby finds and declares that the authority granted in this act and the purposes accomplished hereby are proper governmental and public purposes, and that the development of industrial hemp production and commercial markets for hemp products within the state is important to its economic well-being.

New Sec. 3. The commission shall promulgate rules and regulations
for the efficient administration of this act, and to license persons to grow, process or distribute industrial hemp, pursuant to this act. The commission shall include as part of its rules and regulations, at a minimum, the establishment of industrial hemp testing criteria and protocols.

New Sec. 4. (a) The commission shall promote the research and development of industrial hemp, and commercial markets for Kansas industrial hemp and hemp products, as provided in this section, to the extent that adequate funds are available and are approved by the commission for these purposes from the industrial hemp program fund. The commission shall work cooperatively with state educational institutions as defined by K.S.A. 76-711, and amendments thereto, utilizing the expertise of such state educational institutions in the area of research.

(b) In addition to its other pursuits, the commission shall undertake research of industrial hemp production through the establishment and oversight of a five-year industrial hemp research program, to be directly managed by the department, to the extent that adequate funds are available for the program from the industrial hemp program fund. Such research program shall consist primarily of demonstration plots planted and cultivated in this state by selected growers, which shall be required to be licensed by the commission pursuant to section 10, and amendments thereto, prior to planting any industrial hemp.

(c) The commission shall pursue any permits or waivers from appropriate federal agencies that are necessary for the advancement of the industrial hemp research program.

(d) As part of the industrial hemp research program, the commission, through state educational institutions as defined by K.S.A. 76-711, and amendments thereto, and in collaboration with the department, shall:

1. Oversee and analyze the growth of industrial hemp by selected and licensed growers, for agronomy research and analysis of required soils, growing conditions and harvest methods relating to the production of various varieties of industrial hemp that may be suitable for various commercial hemp products;

2. Conduct seed research on various types of industrial hemp that are best suited to be grown in Kansas, including seed availability, creation of hybrid types, in-the-ground variety trials and seed production;

3. Study the economic feasibility of developing an industrial hemp market in Kansas of various types of industrial hemp;

4. Report on the estimated value-added benefits, including environmental benefits, that Kansas businesses would reap by having an industrial hemp market of Kansas-grown industrial hemp varieties;

5. Study the agronomy research conducted worldwide relating to industrial hemp varieties, production and utilization;
6. research and promote on the world market Kansas industrial hemp and hemp seed that can be grown on farms in the state;
7. study the feasibility of attracting federal and private funding for industrial hemp research;
8. coordinate with the Kansas department of commerce to promote awareness of the financial incentives that may be available to agribusiness and manufacturing companies that manufacture industrial hemp into hemp products, in order to diversify the agricultural economy of the state, attract new businesses to the state, create new job opportunities for Kansas residents and create a commercial market for industrial hemp;
9. study the use of industrial hemp in new energy technologies. This research shall include, but not be limited to:
   (A) Evaluation of the use of industrial hemp to generate electricity and to produce biofuels and other forms of energy resources;
   (B) growth of industrial hemp on reclaimed mine sites;
   (C) use of industrial hemp in the production of fuels; and
   (D) an assessment of the production costs, environmental issues and costs and benefits involved with the use of industrial hemp for energy.
10. (e) The commission shall notify the Kansas bureau of investigation and all local law enforcement agencies of the duration, size and location of all industrial hemp demonstration plots.
11. (f) By December 31, 2017, and annually thereafter, the commission shall report on the status and progress of the industrial hemp research program to the governor and to the legislature.

New Sec. 5. (a) There is hereby created the Kansas industrial hemp commission and which is attached to the Kansas department of agriculture for administrative purposes.
(b) The membership of the commission shall consist of at least the following:
   (1) The governor or the governor's designee;
   (2) the speaker of the house of representatives or the speaker's designee;
   (3) the president of the senate or the president's designee;
   (4) the chairperson of the senate committee on agriculture or the chairperson's designee;
   (5) the chairperson of the house committee on agriculture and natural resources or the chairperson's designee;
   (6) the secretary of the Kansas department of agriculture or the secretary's designee;
   (7) the director of the Kansas bureau of investigation or the director's designee;
   (8) the president of Kansas state university or the president's designee;
(9) the chancellor of the university of Kansas or the chancellor's designee;
(10) the president of Wichita state university or the president's designee;
(11) the president of Emporia state university or the president's designee;
(12) the president of Fort Hays state university or the president's designee;
(13) the president of Pittsburg state university or the president's designee;
(14) the president of the Kansas sheriff's association or the association president's designee;
(15) the president of the Kansas association of chiefs of police or the association president's designee;
(16) six members, three appointed by the speaker of the house of representatives and three appointed by the president of the senate, representing the following interests:
(A) Kansas farmers with an interest in growing industrial hemp;
(B) retailers of industrial hemp products;
(C) wholesalers of industrial hemp products; and
(D) manufacturers of industrial hemp products; and
(17) two at-large members on a recommendation of the chairperson of the commission and approved by a majority of the members of the commission.
(c) Members appointed pursuant to subsections (b)(16) and (b)(17) shall serve a term of four years, and may be reappointed.
(d) Any vacancy occurring in the membership of the commission shall be filled in the same manner as the original appointment for the remainder of the unexpired term.
(e) A majority of the members of the commission shall constitute a quorum.
(f) The secretary of agriculture, or the secretary's designee, shall serve as vice chairperson, and the commission shall elect one member from among the remaining members to serve as chairperson for a term of three years and until a successor is elected. No member shall serve as chairperson for more than two terms.
New Sec. 6. (a) The commission shall meet quarterly and may meet more often upon the call of the chairperson or by a majority of the members.
(b) The commission shall be appointed and conduct the first meeting by July 1, 2017. The first meeting shall be organized by the secretary of agriculture, or the secretary's designee, until a chairperson is elected.
(c) Members of the commission shall be paid compensation,
subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

(d) Research and development related services for the commission shall be provided by state educational institutions as defined by K.S.A 76-711, and amendments thereto. Administrative support services shall be provided to the commission by the department at the request of the commission, including, but not limited to, services relating to:

(1) Testing of industrial hemp;
(2) the processing of documents relating to the program of licensure;
(3) financial accounting and recordkeeping, and other budgetary functions; and
(4) meeting coordination and staffing.

(e) Administrative expenses of the commission, including, but not limited to, expenses for the services outlined in subsection (d), shall be paid from the industrial hemp program fund established in section 9, and amendments thereto, as approved by the commission.

New Sec. 7. In addition to the report required by section 4, and amendments thereto, the commission shall report to the governor and to the legislature with respect to industrial hemp policies and practices that will result in the proper legal growing, management, use and marketing of the state's potential industrial hemp industry. These policies and practices shall, at a minimum, address the following:

(a) Federal laws and regulatory constraints;
(b) the economic and financial feasibility of an industrial hemp market in Kansas;
(c) examination of research on industrial hemp production and utilization;
(d) the potential for globally marketing Kansas industrial hemp;
(e) a feasibility study of private funding for the Kansas industrial hemp research program;
(f) law enforcement concerns;
(g) statutory and regulatory structures for growing of industrial hemp by private producers; and
(h) technical support and education about industrial hemp.

New Sec. 8. (a) The commission shall adopt the federal rules and regulations that are currently enacted regarding industrial hemp as of July 1, 2016.
(b) Nothing in this act shall be construed to authorize any person to violate any federal law or rules and regulations of the federal government.
(c) If any part of this act conflicts with a provision of federal law relating to industrial hemp, the federal provision shall control to the extent of the conflict.

New Sec. 9. (a) There is hereby created in the state treasury the
industrial hemp program fund, to be administered by the secretary of
agriculture for the purpose of covering the costs of the commission and the
industrial hemp research program, as approved by the commission. The
commission may cooperatively seek funding from both public and private
sources to implement the industrial hemp research program.

(b) The secretary shall remit all moneys received by the commission
to the state treasurer in accordance with the provisions of K.S.A. 75-4215,
and amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury to the credit
of the industrial hemp program fund. All expenditures from such fund
shall be made in accordance with appropriation acts upon warrants of the
director of accounts and reports issued pursuant to vouchers approved by
the secretary or by a person or persons designated by the secretary.

(c) On or before the 10th of each month, the director of accounts and
reports shall transfer from the state general fund to the industrial hemp
program fund interest earnings based on:

1. The average daily balance of moneys in the industrial hemp
program fund for the preceding month; and

2. the net earnings rate for the pooled money investment portfolio
for the preceding month.

New Sec. 10. (a) The commission shall establish a program of
licensure to allow persons to grow industrial hemp in this state, as
provided in this section. The program shall include the following two
separate forms of license:

1. An industrial hemp research program grower license, to allow a
person to grow industrial hemp in this state in a controlled fashion solely
and exclusively as part of the industrial hemp research program overseen
by the commission. Such form of licensure shall only be allowed subject to
a grant of necessary permissions, waivers or other form of valid license
status by appropriate federal agencies pursuant to applicable federal laws
relating to industrial hemp; or

2. an industrial hemp grower license, to allow a person to grow
industrial hemp in this state for any purpose. Such form of licensure shall
only be allowed subject to the authorization of legal industrial hemp
growth and production in the United States under applicable federal laws
relating to industrial hemp.

(b) Any person seeking to grow industrial hemp, whether as part of
the industrial hemp research program or otherwise, shall apply to the
commission for the appropriate license on a form provided by the
commission. At a minimum, the application shall include:

1. The name and mailing address of the applicant;

2. the legal description and global positioning coordinates sufficient
for locating the production fields to be used to grow industrial hemp. A
license shall authorize industrial hemp propagation only on the land areas
specified in the license;

(3) a signed statement indicating whether the applicant has ever been
convicted of a felony or misdemeanor. A person with a prior felony drug
conviction within 10 years of applying for a license under this section shall
not be eligible for such license;

(4) written consent allowing the Kansas bureau of investigation or
other law enforcement agency, if a license is ultimately issued to the
applicant, to enter onto the premises on which the industrial hemp is
grown to conduct physical inspections of industrial hemp planted and
grown by the applicant, including, but not limited to, the operation of an
unmanned aerial vehicle, to ensure compliance with the requirements of
this act. No more than two physical inspections shall be conducted under
this paragraph per year, unless a valid search warrant for an inspection has
been issued by a court of competent jurisdiction. All testing for THC levels
shall be performed as provided in this section;

(5) any other information required by the commission; and

(6) the payment of a nonrefundable application fee, in an amount set
by the commission and used to offset the cost of administering the
licensure program.

(c) The commission shall require a state and national criminal history
records check by the Kansas bureau of investigation on all persons
applying for licensure. The Kansas bureau of investigation may charge a
fee, as established by the commission, to be paid by the applicant for the
actual cost of processing the state and national records check. A copy of
the results of such records check shall be sent to the commission.

(d) All license applications shall be processed as follows:

(1) Upon receipt of a license application, the commission shall
forward a copy of the application to the Kansas bureau of investigation,
which shall initiate its review thereof;

(2) the Kansas bureau of investigation shall:

(A) Perform the required state and national criminal history records
check of the applicant;

(B) approve the application, if it is determined that the requirements
relating to prior criminal convictions have been met; and

(C) return all applications to the commission together with its
findings and a copy of the state and national criminal history records
check; and

(3) the commission shall review all license applications returned from
the Kansas bureau of investigation. If the commission determines that all
requirements have been met and that a license should be granted to the
applicant, taking into consideration any prior convictions of the applicant,
the commission shall approve the application for issuance of a license.
(e) In the case of industrial hemp research program grower licenses, the provisions of subsection (d) shall apply, except that the commission may approve licenses for only those selected growers whose demonstration plots will, in the discretion of the commission, advance the goals of the industrial hemp research program to the furthest extent possible based on location, soil type, growing conditions, varieties of industrial hemp that may be suitable for various hemp products and other relevant factors. The location, the total number and acreage of all demonstration plots to be grown by license holders shall be determined at the discretion of the commission.

(f) The number of acres to be planted under each license shall be established by the commission.

(g) Each license shall be valid for a period of one year from the date of issuance and may be renewed in successive years. Each annual renewal shall require the payment of a license renewal fee.

(h) The commission shall, by rules and regulations, establish the fee amounts required for license applications and license renewals allowed under this section. All application and license renewal fees collected by the commission shall be deposited in the state treasury to the credit of the industrial hemp program fund established in section 9, and amendments thereto.

(i) A copy of, or appropriate electronic record of, each license issued by the commission under this section shall be forwarded immediately to the sheriff of each county where the industrial hemp is licensed to be planted, grown and harvested.

(j)(1) All records, data and information filed in support of a license application shall be considered proprietary and confidential and shall not be disclosed pursuant to the Kansas open records act and shall be subject to inspection only upon the order of a court of competent jurisdiction.

(2) The provisions of subsection (j)(1) shall expire on July 1, 2021, unless the legislature acts to reenact such provision. The provisions of subsection (j)(1) shall be reviewed by the legislature prior to July 1, 2021.

(k) The commission shall be responsible for monitoring the industrial hemp grown by any license holder, and shall provide for random testing of the industrial hemp for compliance with THC levels and for other appropriate purposes at the cost of the license holder. The commission shall establish necessary testing criteria and protocols through promulgation of rules and regulations pursuant to section 3, and amendments thereto.

New Sec. 11. (a) A person shall obtain an industrial hemp grower license pursuant to section 10, and amendments thereto, prior to planting or growing any industrial hemp in this state. An industrial hemp grower license holder who has planted and grown industrial hemp pursuant to a
valid grower license may sell industrial hemp produced by the grower to any person engaged in agribusiness or other manufacturing for the purpose of processing or manufacturing that industrial hemp into hemp products.

(b) A person granted an industrial hemp grower license shall:

(1) Maintain records that reflect compliance with this act, and with all other state laws regulating the planting and cultivation of industrial hemp;

(2) retain all industrial hemp production records for at least three years;

(3) allow industrial hemp crops, throughout sowing, growing and harvesting to be inspected by, and at the discretion of the commission or its designees, the Kansas bureau of investigation and other law enforcement agencies;

(4) file with the commission documentation indicating that the industrial hemp seeds planted were of a type and variety certified to have no more THC concentration than that adopted by federal law in the controlled substances act, 21 U.S.C. § 801 et seq.;

(5) notify the commission of the sale of any industrial hemp grown under the license and the names and addresses of the persons to whom the industrial hemp was sold; and

(6) provide the commission with copies of any contracts between the licensee and any person to whom the industrial hemp was sold.

(c) The commission shall assist the grower with such grower's compliance with the requirements of this section.

(d) Any person licensed to grow industrial hemp under this act may import and resell industrial hemp seed that has been certified as having no more THC concentration than that adopted by federal law in the controlled substances act, 21 U.S.C. § 801 et seq.

(e) (1) Only industrial hemp grower licensees or their designees or agents shall be permitted to transport industrial hemp off the premises of the licensee.

(2) When transporting industrial hemp off the premises of an industrial hemp grower licensee, the licensee or their designee or agent shall carry with them the licensing documents from the commission, evidencing that the industrial hemp was grown by a licensee and is from certified seed.

(3) Any industrial hemp that is found in this state at any location off the premises of an industrial hemp grower licensee is deemed to be contraband and subject to seizure for forfeiture by the commission, the Kansas bureau of investigation or any law enforcement officer, if the person in possession of the industrial hemp does not have in such person's possession either:

(A) The proper licensing documents, as required by paragraph (2) of this subsection; or
(B) a bill of lading or other proper documentation, demonstrating that the industrial hemp was legally imported or is otherwise legally present in this state under applicable state and federal laws relating to industrial hemp.

(4) Any industrial hemp seized pursuant to paragraph (3) of this subsection shall be disposed of in accordance with the Kansas standard asset seizure and forfeiture act, K.S.A. 60-4101 et seq., and amendments thereto.

New Sec. 12. (a) An industrial hemp grower licensee who does not comply with the requirements of this act, or the rules and regulations promulgated thereunder, shall have such person’s license revoked and shall forfeit the right to grow industrial hemp in this state for a period of up to five years as provided in this section.

(b) A license revocation or forfeiture shall occur pursuant to this section only after the licensee has had an opportunity, upon due notice, for an informal hearing before the chairperson of the commission, to show cause why the license should not be revoked and the licensee’s right to grow forfeited.

(c) The chairperson of the commission may revoke any license of a person who has pled guilty to, or has been convicted of, a felony.

(d) If a license is revoked and a licensee’s right to grow is forfeited as the result of an informal hearing, the decision may be appealed, and upon appeal an administrative hearing shall be conducted before the commission in accordance with the Kansas administrative procedure act.

(e) The licensee may appeal the final order of the commission by filing a petition in accordance with the Kansas judicial review act.

New Sec. 13. (a) Any person who processes raw industrial hemp within this state, or who distributes industrial hemp within or into this state, shall obtain a license from the commission for each facility at which industrial hemp is processed in this state, or from which industrial hemp is distributed within or into this state, authorizing the person to process or distribute industrial hemp before engaging in such activity. Any person who makes only retail sales of industrial hemp obtained from a licensed processor or distributor is not required to obtain a license. Such form of licensure shall only be allowed subject to the authorization of legal industrial hemp growth and production in the United States under applicable federal laws relating to industrial hemp.

(b) Any person who is required to obtain a license under this section shall submit an application on a form approved by the commission, accompanied by payment of a fee in an amount set by rules and regulations of the commission for each facility. Each license shall be valid for a period of one year from the date of issuance and may be renewed in successive years. Each annual renewal shall require the payment of a
license renewal fee set by rules and regulations of the commission. All application and renewal fees collected by the commission pursuant to this section shall be deposited in the state treasury to the credit of the industrial hemp program fund established in section 9, and amendments thereto.

(c) The form and content of the industrial hemp license application shall be established by rules and regulations promulgated by the commission.

(d) In order to ensure public health and safety and compliance with federal law, the commission is authorized to promulgate rules and regulations concerning qualifications for licensure under this section.

(e) The commission is authorized to refuse to issue a license to any person not in compliance with this section and to cancel the license of any licensee subsequently found not to be in compliance with this section, except that no license shall be refused or canceled unless the applicant or licensee has been given an opportunity to be heard before the commission and to amend the applicant's or licensee's application in order to comply with the requirements of this section.

New Sec. 14. (a) Any person convicted of violating any of the provisions of this act or who impedes, hinders or otherwise prevents, or attempts to prevent, the commission or an employee or agent of the department in performance of the commission's or the employee's or agent's duty in connection with this act shall be guilty of a class C misdemeanor.

(b) The commission is authorized to apply for, and the court to grant, a temporary or permanent injunction restraining any person from violating or continuing to violate any of the provisions of this act or any rule and regulation promulgated thereunder, notwithstanding the existence of other remedies at law.

(c) Any person adversely affected by an act, order or ruling made pursuant to this act may seek judicial review under the Kansas judicial review act.

New Sec. 15. (a) To the extent permitted by federal law, any state educational institution as defined by K.S.A. 76-711, and amendments thereto, that offers a baccalaureate or postgraduate level program of study in agricultural sciences is authorized to acquire, possess, cultivate and test seeds, plants and plant parts of the genera cannabis for the purpose of developing and reproducing seeds that may be certified under the Kansas seed law, article 14 of chapter 2 of the Kansas Statutes Annotated, and amendments thereto, by a certifying agency as defined by K.S.A. 2-1415, and amendments thereto, for growing industrial hemp.

(b) To the extent permitted by federal law, the secretary of agriculture shall include as part of the rules and regulations promulgated pursuant to K.S.A. 2-1427, and amendments thereto, rules and regulations for the
New Sec. 16. The commission is authorized to cooperate with and enter into agreements with governmental agencies of this state, other states, agencies of the federal government and private associations in order to carry out the purpose and provisions of this act to the extent permitted by federal law.

New Sec. 17. If any provision or clause of this act or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 18. K.S.A. 2015 Supp. 21-5702 is hereby amended to read as follows: 21-5702. (a) Prosecutions for crimes committed prior to July 1, 2009, shall be governed by the law in effect at the time the crime was committed. For purposes of this section, a crime was committed prior to July 1, 2009, if any element of the crime occurred prior thereto.

(b) The prohibitions of this act shall apply unless the conduct prohibited is authorized by the pharmacy act of the state of Kansas, the uniform controlled substances act, the alternative crop research act or otherwise authorized by law.

Sec. 19. K.S.A. 2015 Supp. 21-5702 is hereby repealed.

Sec. 20. This act shall take effect and be in force from and after its publication in the statute book.